



Esperion Bullish Options Activity and Insider Buys

Ticker/Price: ESPR (\$40.50)

Analysis:

Esperion (ESPR) bullish flow today with 1,000 OTM September \$60 calls bought for \$1.20 early and now another 2,500 bought for \$1.35. ESPR has seen buyers recently in the May \$40 and \$55 calls while the June \$40 and \$50 calls with buyers in mid-March as well. The May \$45/\$35 strangle bought 1,500X on 4-15. ESPR's CEO has been active buying stock since 3-14 as well, buying over \$600K worth from \$40 to \$48. Shares are down with biotech and healthcare under pressure this week but hammering off key support today around \$40 with room back to the high-end of the recent range around \$47/\$48. The \$1.05B company trades 7.7X cash with limited debt with key late-stage assets. ESPR filed their NDA for bempedoic acid in February and expects communication with the FDA by mid-May to determine a path towards a PDUFA and potential AdComm, a decision on the latter a potential catalyst. BPA has shown positive results in lowering LDL-C with negative events generally accepted and well tolerated. The company is looking to compete with PCSK9, ezetimibe, and Vascepa in the space. Analysts have an average target for shares of \$75.50 with 9 buy ratings, 2 hold, and 2 sell. Citi positive on 4/11. They expect BPA to be approved and sees potential for the company to be acquired for ~\$105/share post-approval in Q1 2020. They think an FDA panel in the second half of 2019 is likely and that if Esperion announces a panel will not be needed, it would be positive for the shares. JP Morgan raised their PT to \$47 on 3/13 seeing the company's Daiichi Sankyo Europe collaboration as a "key derisking milestone" and has increased her probability of approval for bempedoic acid both inside and outside the U.S. Goldman started coverage at Sell on 12/13 with a \$45 PT. They think company's one clinical stage asset, bempedoic acid, will likely be approved but the regulatory will remain an overhang and there are no other near-term catalysts. Further, the firm assumes "limited uptake" of the drug until outcomes data become available in 2022. Institutional ownership rose 7.75%. Longitude Capital a buyer of 2.3M shares. Pentwater Capital and Boxer both buyers of calls. Short interest is 18.5% and down from 27% in mid-2018.

Hawk Vision:



Trading Strategy: ESPR clearly carries event-driven risk but the combination of call buying and insider buys while short interest is falling infers upside to shares.

Confidence Ranking: \$\$